



EPRA/NAREIT Global Real Estate Index

Global Overview – Global Real Estate continues to impress

Global Real Estate recorded another impressive month in August 2004. The EPRA/NAREIT Global Real Estate Index posted a gain of 4.6% during the course of the month. In comparison, the Global Equity market fell 50 bps and Global Bonds added 1.6%. All three regions moved forward. Asia added 2.5% and Europe gained 1.9%. North America jumped 6.4%. All returns are expressed in EUR.

Using compounded annual returns, over a five-year period, Global Real Estate outperformed Global Equities and Global Bonds significantly. On average, Global Real Estate returned 10.8% annually, Global Equities declined 4.5% in comparison, and Global Bonds added 6.1% per annum. As a result, over the total five-year period, Global Real Estate returned 67.3%, Global Equities lost 20.5% and Global Bonds added 34.2%.

Asia / Pacific

In the Asia/Pacific region, the EPRA/NAREIT Hong Kong (HKD) was by far the best performer during the month with an impressive jump of 9.4%. From the Asian constituents seven out of ten in the top performance rankings were Hong Kong domiciled companies. New index constituent since 1 July Silver Grant International topped the performance rankings in Asia with a jump of 20%. Sino Land advanced 18.4% followed by New World Development with 16.7%.

In the Asia/Pacific region, Japan was the worst performing country. EPRA/NAREIT Japan (JPY) dropped 1.3% during the month. It was the Japanese development companies that drove the index down during the month. Developers Sumitomo Realty and Development (-5.6%), Heiwa Real Estate (-1.3%) and heavy weights Mitsubishi Estates (-2.8%) and Mitsui Fudosan (-2.3%) all dropped during the course of the month.

All J-REITs in the index turned in a positive performance during the month. Premier Investment Co added 6.5% followed by Japan Real Estate (+6.3%) and Japan Prime Realty Inv (+5.4%). Average volatility in the J-REITs is approximately 14% compared against over 35% for the Japanese developers.

The EPRA/NAREIT Australia (AUD) added 1.0% during the course of the month. Australand Property Group topped the performance rankings in Australia with a gain of 6.6% followed by ING Industrial (+5.4%).

At 6 August General Property Trust announced that it agrees with the merger terms of Lend Lease. Lend Lease raised its offer for General Property Trust by 3.5% to AUD 7.2 billion, reaching an agreement to create the Australia's second biggest real estate company. General Property's directors recommend investors accept the offer of one share of the combined company for every 3.8 shares they own and as much as 65 cents cash, Sydney-based Lend Lease said in a statement. The bid values General Property at AUD 3.58 a share, up from the initial offer of AUD 3.46, Lend Lease said. General Property was up 3.3% during the month.

Macquarie Office Trust unveiled an AUD 856 m takeover bid for Principal America Office Trust, valuing the shares at AUD 1.37. The offer would provide Macquarie Bank with entry into the US office market, given that MOT's exposure to the US will increase from 7% to 45%. MOT's CEO, Simon Jones said they forecast excellent returns after a successful takeover of POA. He also indicated the deal made a more attractive proposal compared against buying directly into the US office market. Principal America Office said its directors recommend investors approve the takeover as "the offer is superior to other opportunities available at this time". Macquarie Office Trust added 0.8% in August

European Public Real Estate Association



At 4 August Deutsche Bank AG announced that it will merge its three Australian real estate investment trusts, creating the nation's fourth-largest property fund by market value, and buy four-fifths of a AUD 1.5 billion US property fund. Deutsche will merge its Office Trust, Industrial Trust and Diversified Trust into RREEF Trust, valued at AUD 3.5 billion. The move is aimed at giving the trusts enough scope to fund expansion in the US, fend off takeovers and protect the AUD 24 million the trusts paid in management fees to Deutsche Bank last year. The enlarged company will buy 80% of a portfolio of industrial property assets in the US controlled by the California Public Employee's Retirement Scheme. The transaction will help improve access to capital and lower its cost stated Victor Hoog Antink, who will head DB RREEF. Deutsche Industrial (- 2.5%), Deutsche Office (- 6.3%) lost ground whereas Deutsche Diversified ended the month propping up the Global, Asian and Australian stocks, with a loss 8.0%.

The takeover and merger activity in the Australian market is set to continue according to Dennis Broit, Finance Director at Mirvac Group, but at the lower end of the market. Broit continued, stating that the companies involved are those unable to raise equity or buy assets on their own. However, Andrew Parsons, head of real estate securities for Lend Lease says that the merger activity is nearing an end, with three of the four largest players already subject to alliance propositions.

The EPRA/NAREIT Singapore Index (SGD) ended the month 0.1% up. Retail investor Fortune REIT finished above the rest of its peers. The company leapt 2.9% in August. Industrial investor, Ascendas REIT added 2.0%. Keppel Land (- 3.2%) and Singapore Land (- 2.3%) both lost ground in August.

Europe

The EPRA Europe Index (EUR) added 1.9% in August. EPRA France (EUR) led the advance (+ 6.3%). EPRA Sweden (+ 4.8%) and EPRA Netherlands (+ 2.0%) also responded well. The EPRA UK Index the largest country in Europe, provided robust results, pushing forward 0.6% in August. Of the smaller countries, EPRA Italy recorded a gain of 5.9%. Broad European volatility stands at approximately 14%.

Tornet headed the performance rankings in Europe with an advance of 11.7% in August followed by office developer Beni Stabili (+ 9.5%). Marylebone Warwick Balfour ended the month propping up the European stocks, with a loss of 13.5%. Residential developer, AM NV dropped 10.9% in August. AM NV expects a decline in profit this year and won't meet its earnings projection because of delays in the development of projects. AM NV doesn't expect to attain its full-year target for 5 percent to 10 percent growth in earnings a share. IVG lost 7.3% in August after publishing H1 2004 results that were lower than market consensus.

UK office investor Minerva extended negotiations after receiving a number of approaches concerning a possible takeover offer in July. The company extended the process to "accommodate additional data requests from potential bidders," Minerva said in a Regulatory News Service statement. Non-binding proposals to buy the business must be made close of business on 20 September. CEO Andrew Rosenfeld said that talks were at a 'preliminary stage'. The company plans to build the city of London's tallest office tower, towering 712 ft, or 50 floors. Minerva was the largest gainer in EPRA/NAREIT Global Real Estate Index in July, leaping 24%, in August the company added another 4.8%. The Times reported that the New York buy-out company Blackstone Group, and Australia based Multiplex Group and Westfield Group are among the companies thought to be interested.

Swedish office company Fabege received a takeover offer from Wihlborgs on 19 July. Wihlborgs offered to buy the company for USD 550 m, or SEK 108 in cash per class A share and SEK 105.5 for each class B share. The registration period ends on 15 September. During the course of the month Wihlborgs advanced 5.3% and Fabege added 1.9%.

European Public Real Estate Association



North America

Over the Atlantic, US real estate stocks drove the index to an impressive return of 7.6% in USD terms. EPRA/NAREIT Canada (CAD) hit a positive note, with a gain of 3.2%. The EPRA/NAREIT North America Index (USD) improved 7.4%.

General Growth Properties agreed to buy retail investor Rouse Co for about USD 7.2 billion in cash. Shareholders will receive USD 67.50 a share. The company will also assume about USD 5.4 billion of debt, in what will be the largest purchase ever of a real estate investment trust. "We are making five years worth of acquisitions in one fell swoop" said John Bucksbaum, Chief Executive at General Growth Property. Rouse headed the Global and North American performance rankings with a jump of 36.2% in August. General Growth Properties added 30 bps.

Blackstone Group agreed to purchase Prime Hospitality for more than USD 790 million in stock and debt. Blackstone Group said it will pay USD 12.25 for each share of Prime Hospitality. Blackstone Group's planned acquisition faces opposition from a shareholder who claims in a lawsuit that the buyout firm's USD 790 million offer is inadequate. Shareholder Garco Investments accused company executives of violating their duty to investors by accepting Blackstone's offer without first checking Prime Hospitality's value in the market and inviting other potential buyers to bid. The suit is seeking to block the purchase. Garco Investments also accused executives of failing to make an informed decision about the acquisition by agreeing to pay Blackstone a termination fee of USD 23 million if they cancel the deal. Prime Hospitality jumped 30.9% in August.

Retail investors Glimcher Realty Trust and The Macerich Company both responded well with gains of 17% and 15.1% respectively in August. On the flip side, North American hotel stocks had a difficult month. Ininvest REIT (- 1.8%), Starwood Hotels (- 1.8%) and Boca Resorts (- 1.5%) all lost ground. Winston Hotels lost 7.2% after announcing its H1 2004 results. Corrections Corp of US ended the month propping up the North American performers with a loss of 8.1%.

Keystone's stockholders approved the company's merger agreement with Prologis. Keystone was deleted from the EPRA/NAREIT Global Real Estate Index on 5 August.

European Public Real Estate Association



The following table highlights the performance of regions and countries over a number of time periods:

Index Description	Curr	Total	Total	Total	Total	Total	Total	36 Mths Vlty (%)
		Rtn (%)	Rtn (%)	Rtn (%)	Rtn (%)	Rtn (%)	Rtn (%)	
		- 5 Yrs	- 3 Yrs	- 1 Yr	- 6 Mths	31-Aug	YTD	
Global	EUR	10.84	6.31	21.94	8.89	4.59	19.68	14.28
Asia	EUR	5.73	2.80	23.56	5.35	2.53	20.31	18.59
Europe	EUR	11.35	13.03	36.57	11.42	1.89	23.01	13.89
North America	EUR	14.65	6.83	16.54	9.48	6.37	18.20	15.76
Global Ex-Asia	EUR	13.32	8.33	21.49	10.04	5.22	19.52	13.91
Global Ex-Europe	EUR	10.48	5.20	18.62	8.23	5.25	18.81	15.71
Global Ex-North America	EUR	8.72	8.33	28.99	8.03	2.24	21.43	15.61
Japan	JPY	6.20	0.34	30.09	6.07	- 1.15	24.83	28.25
Hong Kong	HKD	7.03	9.99	37.65	- 2.13	9.41	16.89	31.84
Australia	AUD	11.76	11.35	23.22	15.72	1.33	19.16	8.03
Singapore	SGD	- 7.59	7.73	28.21	4.76	0.14	14.26	30.64
Euro Zone	EUR	12.33	17.01	31.25	11.89	3.04	21.36	12.25
Euro Zone Net Index	EUR	-NA-	-NA-	-NA-	-NA-	3.01	-NA-	-NA-
Europe Ex UK	EUR	13.40	16.54	31.82	12.20	3.22	20.18	12.03
Europe Liquid 40	EUR	10.93	12.84	37.45	11.80	2.23	23.59	14.04
Europe Liquid 40 Net Index	EUR	-NA-	-NA-	-NA-	-NA-	2.21	-NA-	-NA-
Europe Liquid 40 Ex UK	EUR	13.22	19.54	33.43	13.06	3.70	21.62	12.55
Europe Liquid 40 Ex UK Net Index	EUR	-NA-	-NA-	-NA-	-NA-	3.68	-NA-	-NA-
Netherlands	EUR	12.92	18.16	29.09	10.85	1.99	21.38	12.63
France	EUR	14.21	19.41	40.81	18.06	6.27	26.49	14.30
Spain	EUR	17.33	33.04	62.25	13.77	5.58	37.65	21.95
Germany	EUR	- 7.31	- 13.65	0.48	1.05	- 2.44	3.53	30.60
Austria	EUR	5.45	8.41	6.56	4.88	- 0.30	5.71	3.77
Belgium	EUR	7.45	15.25	14.61	2.69	1.68	10.05	5.78
Italy	EUR	20.08	15.67	46.59	19.24	5.93	33.65	19.60
Finland	EUR	16.49	22.99	29.85	5.44	- 1.72	6.08	18.76
Greece	EUR	0.03	0.05	0.16	0.16	- 5.00	0.16	5.39
UK	GBP	9.56	12.97	37.36	11.61	2.67	20.46	17.22
UK Net Index	GBP	-NA-	-NA-	-NA-	-NA-	0.60	-NA-	-NA-
Switzerland	CHF	4.03	7.33	22.48	12.73	3.14	15.09	6.81
Sweden	SEK	19.85	17.18	37.58	11.69	3.53	15.69	17.55
United States	USD	16.98	15.96	29.09	7.41	7.57	14.35	15.82
Canada	CAD	14.66	13.29	21.42	- 0.39	3.15	8.17	12.11

Source: EPRA

The EPRA Monthly Statistical Bulletin is available from www.epra.com.

European Public Real Estate Association

Schiphol Boulevard 283 1118 BH Schiphol Airport The Netherlands
 T +31 (0)20 405 3830 F +31 (0)20 405 3840 E info@epra.com
 W www.epra.com



Notes:

The EPRA/NAREIT Global Real Estate Index consists of the largest and most heavily traded real estate stocks in Asia, Europe and North America. As at 31 August, there were a total of 246 stocks in the index.

The EPRA/NAREIT Global RE Index is free float weighted. Full details of the free float weightings for each company are downloadable from the www.epra.com website. The ground rules are also available from the website.

Free downloads are available upon request to the members of the association on a daily basis. Downloads are sent via e-mail at the close of business. The information contained in downloads enables users to accurately benchmark/track against the EPRA/NAREIT Global RE Index series. Contact: info@epra.com.

European Public Real Estate Association

Schiphol Boulevard 283 1118 BH Schiphol Airport The Netherlands
T +31 (0)20 405 3830 F +31 (0)20 405 3840 E info@epra.com
W www.epra.com